

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0480P

Use Tax

Calendar Years 1997, 1998, and 1999

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer's audit covers locations 1, 5, 6, and 9, which consists of sales, manufacturing, administrative services, and training. At audit, it was determined that the taxpayer failed to pay tax on magazine subscriptions, rental of tangible personal property, office supplies, promotional products, fixed assets, and other miscellaneous items.

Taxpayer failed to remit use tax on clearly taxable purchases although it had a use tax accrual system in place.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to remit use tax on clearly taxable purchases such as magazine subscriptions, uniform rentals, office supplies, promotional products, computers, and other miscellaneous taxable items.

Taxpayer states that it files its tax returns and payments in a timely manner. Taxpayer asks that the department look back at its history that shows that it made a good faith effort to report is taxes properly and accurately. Taxpayer requests a penalty waiver due to its monthly effort to report accurate information.

A review of the audit indicates that the purchases for which no use tax was accrued or paid amounted to thirty-one percent (31%), forty percent (40%), and thirty-two percent (32%) of the use tax due for calendar years 1997, 1998, and 1999 respectively. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.